

# Framing hybrid exchanges in subsistence contexts

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## Framing Hybrid Exchanges in Subsistence Contexts

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**Framing Hybrid Exchanges in Subsistence Contexts**

**Abstract**

**Purpose** – This paper aims to deepen the understanding of subsistence exchange practices and their contribution to international marketing theory and practice. It draws on the notion of embeddedness to examine the hybrid exchange practices unfolding within subsistence communities, and between subsistence communities and (international) firms.

**Design/methodology/approach** – The paper reports two ethnographic studies conducted in low-income farming and slum communities in Uganda and Kenya, respectively. Both studies involved participant observation, interviews, field note-taking and visual methods.

**Findings** – The findings demonstrate that hybrid exchange systems prevail in subsistence contexts, supporting both market and non-market logics simultaneously. Actors remain deeply embedded in their social worlds during exchange, making it problematic to disentangle social relations from market exchanges.

**Research limitations/implications** – The study suggests implications for international firms interested in forging business partnerships with subsistence actors. It calls for international marketers to surpass the traditional marketing roles and develop competences that enable firms to meaningfully embed in subsistence contexts. Further research could explore how international marketers could develop such competences.

**Originality/Value:** The paper draws from diverse exchange literatures to demonstrate how subsistence actors become actively involved in shaping hybrid exchanges that (potentially) incorporate international firms. The study calls for a broader understanding of international marketing, which accounts for the embedded marketing practices entailed in serving subsistence markets. It concludes that categorizing exchanges as either economic or social is problematic as both forms co-evolve to constitute multiple levels of intra-community, local marketplace and extensive hybrid exchanges.

**Keywords:** International marketing; Subsistence contexts; entanglement; embeddedness; hybrid exchange

**Paper type:** Research paper

1.0 Introduction

This paper aims to deepen the understanding of subsistence exchange practices and their contribution to international marketing theory and practice. The term ‘subsistence’ is used in reference to the impoverished or low-income segment of society (Viswanathan and Rosa 2007, Viswanathan Sridharan, Gau, and Ritchie, 2009), and to draw attention to the micro-level, bottom-up approach adopted in exploring poverty settings (Viswanathan and Venugopal, 2015).

Subsistence markets present unique marketing environments often cited as constraining to both local and international marketing efforts. These markets are characterized by poor infrastructure, low incomes, and market illiteracy (Tesfom, Lutz and Ghauri, 2004, Viswanathan et al, 2009; Nakata and Antalis, 2015). Nakata and Antalis (2015) however observe that despite the ‘hostile scarcities’, subsistence markets continue to grow, citing the contribution of subsistence actors and their micro-level interactions to economic activity. Some scholars have therefore suggested that marketing (and policy) should be informed by examining the micro-level interactions in these markets (Viswanathan, Sridharan and Richie 2010; Viswanathan, Rosa and Ruth, 2010; Viswanathan, Sridharan, Ritchie, Venugopal, and Jung, 2012).

Subsistence markets contribute significantly to the GDP in emerging and developing economies, accounting for much of the marketplace exchange (Venugopal and Viswanathan, 2015), and forming a huge potential market for international products (Viswanathan et al, 2010a, b). Furthermore, subsistence markets present international marketers with learning opportunities, enabling the transfer of product innovations and marketing practices to other markets that they serve (Venugopal and Viswanathan, 2015). However, existing research has predominantly focused on subsistence actors in their localized role as consumers of affordable and accessible products marketed by international firms (Sheth, 2011); their role as suppliers to, or as business customers of, international firms remains under-researched. Addressing this gap, this paper illuminates the various hybrid exchanges unfolding within subsistence communities, and between subsistence communities and (international) firms.

Theoretically, this paper considers scholarship that distinguishes exchange systems enacting both within and outside of the traditional market (Biggart and Delbridge 2004; Cropanzano and Mitchell 2005). It challenges the view that social and economic exchanges are mutually exclusive, agreeing instead with Scaraboto (2015) that exchanges, in particular, those occurring in subsistence marketplaces, are hybrid in nature. Departing from the macro-level exchange views, this study draws on the market studies literature to provide a micro-level, emergent, perspective of (market) exchange (Callon 1998, 1999). In particular, the notions of (dis) entanglements and embeddedness (Granovetter, 1985; Callon, 1998, 1999; Miller, 2002) are problematized to unveil the hybrid nature of exchanges occurring in subsistence markets. Entanglements, as viewed in the subsistence marketplace literature, are implicated in the exchanges between actors in these markets (Viswanathan et al 2012). Building on Scaraboto's (2015) work, this study advances hybridity as an emergent process, which unfolds in multiple ways in certain exchange contexts. It informs international marketing theory and practice of the multiple levels of embeddedness and hybridity unfolding within subsistence settings, and of the emergent partnerships between subsistence business customers, suppliers and (international) firms.

In light of the deeply entangled nature of relations in subsistence contexts (Viswanathan et al, 2009; 2010a, b), this paper follows Miller (2005) to undertake ethnographic inquiry into the entanglements internalized during exchanges. The paper empirically reports on two ethnographic studies of a coffee farming community in Uganda and a community of women in a Kenyan slum (Chama) engaging in saving and lending practices. It argues that the practices of such actors, whilst fallaciously ignored in international marketing studies owing to the predominantly informal nature of economic activities undertaken (Sheth, 2011; Viswanathan, Echambadi, Venugopal and Sridharan, 2014), form an important part of the economic activities unfolding in subsistence contexts. This paper hence provides insight into the arguably invisible practices of market actors operating at the fringes of formal international firms and markets, thereby contributing to strengthen what would ordinarily be considered as marginal economic activity (Gibson-Graham, 2006 cited in Berndt and Boeckler, 2009).

The rest of this paper is structured as follows. First, the literature review is presented, which examines the systems, forms and market studies perspectives of exchange; and identifies a theoretical

gap in the embeddedness, subsistence markets and international marketing literature. Next, the ethnographic research design undertaken is outlined, detailing the Ugandan and Kenyan contexts studied, and the data collection methods employed. A detailed analysis of the findings on the exchanges enacted in both contexts follows. The penultimate section discusses the hybrid exchange systems unfolding in subsistence settings, from which conclusions and implications for practice are drawn.

**2.0 Literature Review**

**2.1 The Concept of Exchange**

Marketing as a general concept has largely been associated with exchange (e.g. Bagozzi, 1975, 2009), rendering the notion of exchange pertinent in discussions related to marketing (including international marketing). However, despite the integral part that exchange plays in the understanding of marketing and markets, it has not featured much in the international marketing literature. This paper considers exchange from various perspectives and illuminates its contribution to international marketing practice and theory.

The traditional view of exchange depicts it as a process undertaken by rational individuals in pursuit of self-interested benefits (Thibault and Kelley, 1959; Homans, 1961). Such views have led to criticism due to their portrayal of exchange actors as rational individuals who consciously weigh the expected benefits and costs prior to action (Heath, 1976; Molm 2003), ignoring the relationships and mutuality of benefits inherent in exchange (Biggart and Delbridge 2004). More contemporary views, even within international marketing, bring to the fore the importance of interpersonal relationships embedded in the exchanges between individuals, or between businesses and their stakeholders (Granovetter, 1985; Yaprak and Karademir, 2009; Leek and Canning 2011).

In general, exchange is categorized as ‘economic’ (market) or ‘social’ (non-market). This categorization largely depends on the relationships between the exchange partners, as well as on the norms, practices and resources employed in the process. Accordingly, economic exchange is

characterized by impersonal relations between exchange partners (Kozinets, 2002; Belk, 2010), the use of calculative measures (Kjellberg, 2006; Kjellberg and Helgesson, 2007; Bagozzi, 1975; 2009), and balanced reciprocity whereby all parties seek to get equal amounts from the exchange in a quid pro quo fashion (Bagozzi, 1975; Befu 1980; Gouldner 1960; Homans 1961; Belk, 2010).

On the other hand, social exchange is contrasted with economic exchange, being characterized by personalized relationships. Blau (1964: 94) asserts that, “only social exchange tends to engender feelings of personal obligations, gratitude, and trust; purely economic exchange as such does not”. Social exchange is therefore deemed to occur outside of economic contexts such as the marketplace. Furthermore, social exchange places less emphasis on self-interested motivations and instead focuses on the needs of other parties (Cropanzano and Mitchell 2005). While economic exchange primarily entails the use of market-place resources such as money, products and services (Bagozzi, 1975; Cropanzano and Mitchell, 2005), in social exchange other particularistic forms of resources such as love, information or status are considered (Foa and Foa, 1980).

Such distinctions provide useful bases for understanding the different forms of exchange, but also seem to fallaciously suggest that the two forms of exchange are mutually exclusive. Besides, the categorization of exchange as either social or economic overlooks the nuanced forms of exchange that might not fit neatly into those categories, or that might combine aspects of each of the categories. However, the debates on social/ economic exchanges are somewhat reconciled by scholars from various disciplines, who suggest that exchanges may manifest in various other forms, and that economic and social exchanges mutually co-exist and even overlap in different contexts. To illustrate these perspectives, two exchange models proposed by Biggart and Delbridge (2004) and Cropanzano and Mitchell (2005) are briefly reviewed.

## 2.2 Systems and Forms of Exchange

Biggart and Delbridge (2004: 29) consider the market as “but one form of exchange arena found in society”, suggesting that exchange may occur outside of the traditional marketplace and still support economic activity. The authors demonstrate that distinct forms of exchange may enact to support



economic action in different settings. They hence suggest a ‘system of exchange’, which reveals different exchange forms that incorporate as well as transcend both social and economic dualities.

Biggart and Delbridge’s system of exchange maps the structure of relations between exchange partners with the goals that drive their actions to form four different exchange systems: *the price, associative, moral and communal* systems. Other than the price system, all the exchange systems proposed depict different levels of social relations mediating exchange, which do not necessarily threaten the efficiency of (economic) exchange. The model supports the notion that economic activity is entangled in social relations (Miller 2002), although the level of entanglement could vary depending on the type of relations and trust created between exchange partners.

Likewise, Cropanzano and Mitchell’s (2005) consider different forms of exchange, but depart from Biggart and Delbridge (2004) to suggest that overlaps may occur with different exchange forms, resulting in ‘matches’ or ‘mismatches’. For example, when an economic transaction is enacted in a social context this is considered a mismatch. However, Cropanzano and Mitchell (2005) do not clarify what the implications of an exchange being ‘matched’ or ‘mismatched’ are.

In subsistence contexts, it is common to find groups (such as Rotating Savings and Credit Associations (ROSCAs)) based primarily on social relations, which support economic transactions. Therefore, labels such as ‘match’ or ‘mismatch’, or ‘social versus economic exchange’ require further examination using theoretical lenses that can further unpack exchanges, and in particular those that simultaneously incorporate both social and economic logics.

**2.3 Exchanges and Markets; A Market Studies Perspective**

Scholars within the market studies literature also acknowledge the co-existence of economic and social relations in the framing of markets (Callon, 1999, Slater, 2002). According to Callon (1999) market framing constructs a space for buyers, sellers, and goods to interact so that economic exchange/ transactions can take place. Different to the exchange ‘systems and forms’ models discussed above, the market studies approach to exchange takes a micro-level, emergent, perspective,

looking into the everyday practices that construct and shape exchange partners, goods and economic relations. Social relations too are considered, but from a different perspective, as these need to be ‘bracketed out’ in order to abstract only that which is economic and relevant to economic exchange (Callon, 1999). Market framing, similar to Biggart and Delbridge’s (2004) price system, assumes abstracted economic relations rid of any social relations.

Callon (1998, 2005) refers to the processes of entanglement and disentanglement as core to the process of market framing; that is, the entanglements between exchange parties, goods and their respective worlds must be severed (through disentanglement) if economic exchange is to take place. Thus, market framing extricates (or disentangles) buyers, sellers and goods from their worlds of connections so that they can interact “more or less independently of their surrounding context” (Callon, 1998: 249). This process of disentanglement is seen to stabilize market entities (buyers, sellers and goods) and exchanges, if only temporarily, allowing for economic exchange to take place (Callon, 1999, Callon and Muniesa, 2005).

However, Miller (2002, 2005) challenges Callon’s (1998) argument that disentanglement precedes economic exchange, and questions the reality of the ‘abstract’ market-framing model. Purporting to turn Callon’s argument “upside down”, Miller (2002) argues that internalizing entanglements is what counts in explaining markets and other symbiotic forms of exchange; and that abstract and pragmatic exchange frames co-exist in societies and support each other. Following Miller, this study finds the notion of disentanglement insufficient in explaining subsistence exchanges where actors and goods are so deeply entangled with their social worlds. The centrality of entanglements in the enactment of subsistence exchanges is therefore brought to the fore in this study, addressing a gap in the market studies literature.

Considered relevant to the understanding of entanglements (Callon, 1998), the notion of embeddedness depicts the entrenchment of most economic behavior in networks of interpersonal relations (Granovetter, 1985)<sup>1</sup>. Scholars suggest various forms of embeddedness, some of which are

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<sup>1</sup> The authors use the terms embeddedness and entanglement interchangeably in this paper.

relevant to subsistence contexts. Relational embeddedness for example describes the quality of interpersonal relationships between exchange parties (Laud, Karpen, Mulye and Rahman 2015; Migliore, Schifani, Guccione and Cembalo 2014). Viswanathan, et al (2010b) illustrate this dynamic, highlighting the role that relationships and commitments play in mediating exchanges between micro-entrepreneurs, vendors, customers and their families. Such exchanges may be guided by shared cultural norms, values, beliefs and principles, denoting cultural embeddedness (Laud et al 2015; Migliore et al 2014). Conversely, structural embeddedness denotes the number of connections that one has within and outside their networks (Laud et al 2015), and enables access to resources through the wider connections forged.

Empirically, market studies research has focused on Western contexts, with very limited work being done on subsistence and international marketing contexts. Lindeman's (2012: 235) call to problematize subsistence markets as dynamic entities is therefore timely. This paper responds to calls such as this, but shifts the focus from solely examining economic exchanges (Kjellberg and Helgesson, 2006; Lindeman, 2012) to considering how hybrid exchanges emerge in subsistence contexts. In particular, this study builds on Scaraboto's (2015) work that examines consumer collectives, and traces the process through which hybrid economies are created within exchanges. Scaraboto depicts the emergence of a hybrid economy through a series of linear processes, firstly manifesting as a non-market economy (in which mutuality and interdependence norms prevail) which then incorporates market-based exchange logics (such as self-interest and profit maximization) to create a hybrid economy. Building on Scaraboto's (2015) work, this paper reveals hybrid exchanges as emergent and manifesting through multiple and less linear processes.

**2.4 Embeddedness, Subsistence Markets and International Marketing**

The involvement of subsistence actors as business customers and as suppliers to (international) firms is seldom discussed in the international marketing literature. This is largely owing to the difficulties in accounting for informal exchange practices (Sheth, 2011; Viswanathan et al 2014). Consequently, existing research majorly focuses on the role of subsistence actors as consumers of internationally

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3 marketed products (Sheth, 2011). The efforts by Viswanathan et al (2014: 1) are a step in the right  
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5 direction, revealing the self-sustaining and embedded practices of subsistence entrepreneurs who  
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7 “completely [embed in], and transact within the informal subsistence markets in which they operate”,  
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9 creating value for their subsistence customers. These practices underscore the ‘embedded marketing’  
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11 performed in informal subsistence settings, which contrasts with ‘outside-in marketing’, a widely  
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13 researched practice driven by formal corporations and entrepreneurs outside of subsistence settings  
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15 (Viswanathan et al, 2014: 2). Embeddedness is seen to foster interdependences between micro-  
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17 entrepreneurs, vendors and customers (Viswanathan et al, 2010b), with company engagement at  
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19 community level contributing to foster customer recruitment (Venugopal and Viswanathan, 2015).  
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21 Nevertheless, Viswanathan et al’s (2010b; 2014) insights into the practices of subsistence ‘non-  
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23 consumers’, whilst pertinent, do not explore how subsistence actors project their exchange practices  
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25 beyond the locale as business customers of, and as supplier to, (international) firms.  
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29 Consequently, this paper considers embeddedness, a common theme in subsistence market  
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31 exchange research (Viswanathan et al, 2010a, b; 2012, 2014) as useful to MNCs in gaining the insider  
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33 knowledge necessary to operate in these markets (Schuster and Holtbrügge 2012). Within the  
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35 international marketing literature, embeddedness emerges in discussions around networks and  
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37 linkages forged to enable firms to gain entry into, and integrate within, new markets (Elg, Ghauri and  
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39 Tarnovskaya 2008; Boso, Story and Cardogan 2013; Gao, Ren, Zhang and Sun 2016). Resources such  
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41 as market information (residing with community members) are considered to be crucial and yet the  
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43 most difficult to access (Acquaah 2007; Boso et al 2013) by ‘outside-in firms’ (after Viswanathan et  
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45 al, 2014). It becomes pertinent therefore for outside-in firms to broaden their networks to include local  
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47 communities if they are to gain access to, and leverage insider information; and disseminate  
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49 information about their offerings (Viswanathan et al 2010; Boso et al 2013). These firms offer  
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51 extensive networks with international firms that subsistence communities can become a part of, and  
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53 potentially gain from.  
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57 In sum, the foregoing discussion synthesizes various literatures on exchange systems, market  
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59 framing, hybridity, and embeddedness with the aim to advance an exchange framework applicable to  
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international marketing and subsistence marketplaces. The research context and methodology is presented next.

**3.0 Research Context and Methodology**

This section reports two ethnographic studies conducted in low-income communities in Western Uganda and Nairobi (Kenya). The ethnographic approach taken allows an in-depth understanding of phenomena through the lens and lived experiences of the actors themselves (Lofland and Lofland, 1984; Hammersley, 1992; Denzin and Lincoln 2000, 2005). Both studies involved participant observation, interviews, field note-taking and visual methods.

The two cases permit a comparison of exchanges enacting in the settings examined. The section starts by providing some background information of the two communities and then explaining the data collection and analysis methods used in each of the contexts.

**3.1 The Ugandan Coffee Farmers**

Coffee is the leading export in Uganda and is produced by over 500,000 smallholder farmers (Uganda Coffee Development Authority, 2015). The Western district researched, home to about 40,000 farmers, is one of the main Arabica coffee growing regions in the country. Defined by the primary processing methods performed, the coffee produced takes two forms: unwashed (or dry-processed coffee) and parchment (or wet-processed/ washed coffee). Unwashed coffee is dried immediately after harvest, is hulled and then further processed for export. Farmers sell unwashed coffee through numerous intermediaries including local traders and exporters’ agents in the conventional coffee market. Parchment coffee on the other hand is pulped immediately after harvest, fermented, drip-dried in a shed, and then sun-dried.

Following the liberalization of markets and the collapse of the Ugandan cooperative movement in the 1990s, farmers began to market their coffee individually; a practice that has since been sustained (Ponte, 2002). In 2003, Sustainable Coffee Inc. (SCI), an indigenous roaster and exporter of sustainable coffee consumed in the UK and US markets started operations in Western

Uganda. The firm trained farmers on coffee agronomy practices, and organized farmers into groups (Producer Organizations/ POs) consisting of members living in close proximity to each other. SCI then donated processing equipment to farmers, enabling them to produce a parchment, a new type of coffee in the district. All farmers in the district had since only produced unwashed coffee since the crop was introduced in the early 1900s. According to an SCI official, 30 percent of farmers in the district were registered in 280 POs supplying coffee directly to the firm.

This study centers on the exchange practices of farmers in Kitante homestead, a community consisting of a patriarch, six sons and their respective families living in seven adjacent households. At the center of this homestead is a processing store belonging to the producer organization (NPO), a 50-member farmer group to which these farmers belong.

### 3.2 Chamas in Kenya

Chamas can be conceptualized as various forms of entities (as shall be explained further in Section 4.3), although they generally bear similar characteristics to Rotating Savings and Credit Associations (ROSCAs). ROSCAs are informal groups formed by participants predominantly to save and access credit in contexts where formal markets fail to meet these needs (Kimuyu, 1999). Biggart (2001) also notes that these associations thrive in societies characterized by strong kinship networks and communal identification such as the subsistence contexts investigated in this paper.

ROSCAs are formed voluntarily by participants with common characteristics and shared experiences such as: limited access to financial resources, living in similar neighborhoods, or having pre-existing relationships based on friendship, ethnic affiliations or work-based linkages (Ardener, 1964, 1995; Biggart 2001; Johnson 2004). Another important feature of ROSCAs is the 'rotating', regular, pooling of funds by members, which are then distributed in alternation to participants (Ardener 1964, 1995; Johnson, 2004).

In Kenya, women form the bulk of ROSCA participants (Johnson, 2004). Hereafter, ROSCAs are referred to in the local dialect, as 'Chamas'. Some scholars have attributed the larger number of females in Chamas to the challenges they face in their contexts, such as the lack of access to financing

(Kimuyu, 1999). For example, financial institutions normally lend money based on some form of collateral (like land title deeds) which impoverished women lack, and are therefore locked out of accessing funds (Johnson 2004). Participating in Chamas therefore allows women to access informal, collateral-free credit. This study focuses on the exchange practices undertaken by participants of five Chamas drawn from the slums of Nairobi, Kenya.

**3.3 Data Collection Methods in Uganda and Kenya**

Both studies took place between July 2010 and September 2011, and involved the use of observations, interviews and artefact analysis as data collection methods. An additional study was carried out in June 2016 with financial institutions in Kenya. Following Brewer (2000), the Ugandan study captured the exchange practices of farmers occurring just before, and during, the harvest period. With the harvest period coinciding with SCI’s buying season, the time sampling permitted the capture of diverse interactive practices of farmers, SCI, and other actors (including local traders) in the coffee market. The second author spent one week at SCI’s headquarters to familiarize with the company operations, and to gain access to the farmers and field office staff. Another four weeks were spent interacting with coffee farmers and SCI’s field office staff.

The Kenyan situation was more flexible as Chama meetings take place throughout the year. The first author therefore visited five Chamas drawn from the ‘Kibera’ and ‘Mathare’ slums of Nairobi on different occasions spread over two years. Four of the five Chamas studied had female-only participants, with membership ranging between 10-15. In order to gain initial access, contact persons were recruited who provided initial leads that were subsequently pursued. Snowball techniques were used, and the subsequent Chamas and participants investigated emerged in the process of data collection (after Arnould and Wallendorf 1994). The subsequent study carried out in June 2016 was with nine managers drawn from financial institutions in Kenya.

**3.3.1 Participant Observations and Interviews**

Participant observations were carried out to study the practices of the actors in situ. In Uganda, the events sampled included the farming, harvesting, processing and exchange practices of farmers in two



homesteads; as well as PO meetings. The researcher also observed the exchange practices occurring at the field office where farmers delivered coffee for sale to SCI. The NPO and Kitante homestead selected for study were deemed information-rich because: the PO leader actively interacted with SCI officials during visits to SCI's field office and workshops; the homestead had a demonstration farm which SCI's visitors frequented; and NPO farmers regularly convened for meetings at the homestead. Consequently, the researcher participated in five savings meetings, one PO Annual General Meeting, and a field visit to 15 villages with SCI's field office team.

In Kenya the observations were made mainly during Chama meetings held at participants' homes or in alternative venues. The observations lasted from 1-3 hours as the meetings sometimes involved feasting, loan giving and debt collection. During these meetings the researcher also analyzed some artefacts used within the Chama practice including the agenda and previous minutes, the group constitutions, books of account, or the objects acquired through Chama proceeds. The researcher attended at least two meetings per Chama studied.

Interviews and informal discussions were carried out with individual participants in both contexts (coffee farmers, SCI officials, Chama participants and managers of financial institutions). Where possible, these discussions were recorded after gaining consent from the participants present, and when recording was not possible, notes were taken.

#### 4.0 Findings

This section focuses on the exchanges occurring in both the Ugandan and the Kenyan contexts. The Ugandan case is presented first, highlighting two hybrid exchange scenarios in which both social and economic relations are internalized within the farming community, and in the SCI market frame. In the second part, the Chama networks are examined, presenting two exchange scenarios – one between Chama participants as exchange partners, and the other between financial institutions and Chamas. The four exchange scenarios are then summarized in Table 1.



4.1 Exchanges Between a Sustainable Coffee Buyer and a Farming Community in Uganda

In the Ugandan setting, two focal actors are investigated: NPO – the farmer group, and SCI – a sustainability firm.

*Scenario 1: Exchanges within the NPO coffee farming community*

Farmers’ activities within the POs enact both economic and social relations, with the efforts by farmers to shape exchanges occurring at two levels. Firstly, kinship and community ties influenced the creation of POs, which at the outset were formed on the basis of farmers living in close proximity to each other. Indeed, the farmers meet regularly to save money and to administer loans. At the start of the harvest season, for instance, the NPO had accumulated UGX 8 million (\$3600)<sup>2</sup>.

Savings meetings are the most frequently held gatherings of NPO farmers, suggesting the importance of pooling resources in addressing farmers’ income needs. As parchment production is the main source of income saved, the farmers are incentivized to continuously engage in coffee trade. Moreover, the regular savings meetings and kinship ties facilitate group cohesion. It thus follows that membership to the PO (and the social ties binding the group) allow for the enactment of economic exchange.

Secondly, the farmers engage in acts of help offered to fellow NPO kinsmen. For example, it is acceptable for relatives to borrow farming tools, even without the owner’s knowledge. Likewise, Rwego (a farmer) reveals his plans to request his ‘brother’, a neighbor, for dry grass to mulch his farm. “I will negotiate for grass with my brother when the rains come. We help each other”, he said. Tendo similarly helps his brother, Otim, to dry his parchment. This is because Otim’s teaching commitments keep him (and his family) away from the Kitante homestead. The brothers also help each other to sort pulped coffee as they wait to start the PO meetings held at the processing store.

Besides the practical help, one farmer speaks of the financial support offered by one brother:

<sup>2</sup> The exchange rates from UGX to the US Dollar at the time of data collection (August 2010) are as follows: UGX 1,000 = \$0.45 (OANDA); from KSH to US Dollar: KSH. 1,000 = \$10.7

“sometimes when in need and there is no money...we go to our brother (Tendo) to borrow money”.

These acts of mutual support are guided by generalized norms of reciprocity with no immediate need to return the favors. Nonetheless, the acts remotely contribute to sustain the farmers’ participation in the SCI market. For example, by offering assistance, Tendo is ensuring that his brother’s coffee meets SCI’s product specifications for parchment.

#### *Scenario 2: Exchanges between SCI and NPO*

Similarly, the relationship between SCI and the farmers is a hybrid one involving both social and economic exchanges between the two parties. At the core of SCI’s operations is a sustainability message aimed at improving the livelihoods of smallholder coffee farmers. The company seeks to: 1/ protect its farmers from the volatile global prices of coffee, offering a price cushion to stabilize its prices every season; 2/ offer a premium market price higher than that of unwashed coffee; and 3/ promote farmer savings. The local traders’ prices on the other hand fluctuate, reflecting the trends in the global coffee market.

An SCI official acknowledges that the farmers’ income needs continue to outweigh their coffee earnings in spite of SCI’s sustainability efforts. In particular, during the off-season, farmers struggle to raise school fees for their children. Indeed, the appeal for higher coffee prices feature prominently in the farmers’ conversations with SCI officials and with the researcher. The SCI official explains that the firm offers a minimum price to farmers, which is higher than that of unwashed coffee.

Although SCI has no control over the volatile coffee prices, it offers a price cushion to its farmers. The price offered by the competition (local traders) is also a factor, in particular, because farmers constantly compare the prices of unwashed coffee and parchment. Globally, parchment is ranked higher than unwashed coffee both in terms of price and quality, reflecting similar classifications in the global coffee market (International Coffee Organization, 2011).

Like most sustainability firms, SCI achieves their social goals by engaging in economic activities with the targeted farmer groups. At the outset, SCI played an instrumental role in organizing

farmers into groups so that they could primarily supply coffee to the firm. SCI therefore establishes production and pricing guidelines for farmers to follow in order to enact economic exchange. For example, farmers must adhere to specific quality standards pertaining to the production of wet processed coffee. Farmers sell coffee to SCI through various channels: – through an intermediary (the NPO – for the NPO farmers); directly, and individually to SCI (for the majority of farmers); and in a few isolated cases, through individuals acting as intermediaries (these buy parchment from fellow farmers, eliminating POs from the chain, and selling directly to SCI). The POs are however important points of contact for SCI, who trace coffee purchases to specific farmers.

SCI recognizes the importance of POs and their role in promoting communal saving. For instance, NPO is considered as one of the top-performing groups owing to the frequent meetings held and the kinship ties promoting group cohesion:

*The SCI official, Mande, commented that groups encourage joint action... “You can’t force them to work together” ...He commented that the NPO has “great potential” [and mused that,] “if only the other groups were as organized as NPO” ...He remarked that being a family binds the NPO members together. “With unity, they can achieve much”, he commented (Field note)*

At another level, SCI advises farmers to save UGX 200 (\$ 0.09) per kilo of coffee sold, a practice which helps to promote saving practices among farmers. The NPO farmers have taken up this recommendation and incorporated the allowance for savings in their transactions. Thus, the NPO official deducts this money upfront when farmers deliver their coffee for sale to the PO, and accordingly deposits the individual savings at a village bank to which the NPO belongs. In this way, SCI creates a market frame which internalizes social entanglements by empowering farmers to save through coffee exchange.

**4.2 Enacting exchanges within social support groups (Chamas)**

Unlike the Ugandan farmer group whose practices center around coffee trade, the primary goal of Chamas is to provide social support to its members. Chamas hence enact as social support groups,

formed voluntarily by people with pre-existing relationships based on friendship, ethnic affiliations and work-based linkages among others.

However, members also undertake economic activities as a way to sustain the group. The two scenarios explored below depict exchanges within the Chama group, and exchanges between Chama members and financial institutions.

### *Scenario 3: Exchanges within the Chama community of women*

An important feature of Chamas is the rotational distribution of funds to members of the group. This exchange process (known as the “merry-go-round”) unfolds as an economic activity in which Chama members (as exchange partners) exchange money (forming the exchange good) with one another. A set of rules governs the “merry-go-round” exchange practice: 1/ As part of Chama participation, members are required to contribute certain amounts of money at a specific time, which is then pooled and given to a particular member. For example, if there are 12 members and each member contributes \$5 then a pool of \$60 is collected. 2/ This pool is distributed to members sequentially, based on a rotational process determined through voting. The “merry-go-round” hence involves members shifting between lender, borrower, and saving roles over specific periods.

Essentially, the merry-go-round exchange frame is based on trust, as members need to continuously make contributions until their ‘loan’ is paid up. Mama Akinyi, a long-term member of the ‘Sisterhood’ Chama, explains that the merry-go-round practice helps to gauge others’ characters:

*“The merry-go-round is necessary as it keeps you together. It helps you know the weaknesses of the members. If you want to know whether a person is trustworthy, you do a merry-go-round with them”*

A barter form of exchange using food items also enacts within the merry-go-rounds. Here, the equivalent of the fund is used to buy food items for the designated recipient. The barter exchange relies on the prevailing social relations and trust, although market logics are employed in determining the specific products, brands and quantities of food to be exchanged. Additionally, members engage in

forms of sharing, for example, feasting and supporting members in need. These activities help them generate social capital, which holds the group together.

*Scenario 4: Exchanges between the Chama and Financial Institutions*

Chama participants internalize economic entanglements by enacting marketplace exchanges with financial institutions offering savings and lending services. In order to engage in such exchanges, Chamas must be legally registered so that they can open bank accounts and save communally. To illustrate this, the ‘Upper-ridge’ Chama, a collective micro-enterprise, brings together 76 members who not only engage in inter-lending activities, but also pool their savings with the aim of starting businesses that benefit the group. To achieve this goal, each Chama member is required to save KES 100 (about \$1) weekly, and the money is banked with ‘Uwezo’ bank, a local bank that offers a ‘Chama’ account. The ‘Chama Account’ is designed to help groups to save collectively and get loans of up to three times their savings at competitive interest rates (BOA Kenya 2015). Additionally, Uwezo bank stipulates particular conditions to Chamas including: the formal registration of groups; a specified savings amount required for the group to qualify for a loan; minimum and maximum borrowing limits; and interest rates charged on loans offered. Basing on group savings, Uwezo bank can offer loans to Chamas of up to KES 1.5 million (about \$15,000), making it possible for them to invest in capital-intensive projects such as buying used buses or land for commercial purposes. The bank also offers Chama-guaranteed loans to individual members.

The micro-finance (MFI) managers interviewed also explain that, in addition to offering loans to Chama members, they offer forms of support through, for example, linking Chama customers to other partners such as government ministries, international firms, and non-governmental institutions. Kilonzo, the Marketing Director of ‘Biashara’ MFI explains:

Kilonzo: *We have partnered with some organizations that provide support to our customers. If a Chama wants go into agribusiness for example, we put them in touch with our partner such as AMK Kenya (an international agribusiness company).*

Researcher: *And how does AMK Kenya assist the Chama group?*

Kilonzo: *They will assist in building of green houses, fit the drip irrigation system, provide fertilizers, seeds and even the herbicides needed.*

Researcher: *So what is your organization's role in this partnership?*

Kilonzo: *Basically before partnering with these companies, we vet them to make sure that any clients referred to them will have a decent job done, and that the customers are fairly charged.*

Kilonzo further explains that Biashara provides networking opportunities and marketing platforms in the form of conferences, dinners and galas where members of different Chamas meet to share ideas.

Whereas the banks and MFIs are primarily governed by market logics, they also pursue social goals by providing linkages that Chamas would otherwise not access. Furthermore, they adopt the social norms framing Chama exchanges, and harness the Chamas' abilities to integrate members' resources.

#### **4.3 Conceptualizing Coffee Farmers and Chamas as Subsistence Actors**

This section illuminates the complex and emergent nature of subsistence actors. While the coffee farmers can easily be categorized as 'suppliers' according to the international marketing discourse, they are also community members who engage in intra-community exchanges. Chamas, however, are more difficult to define, as they do not fit neatly into any discrete marketing categories such as suppliers, buyers or consumers. From the findings, therefore, this study conceptualizes Chamas as:

- a) informal commercial entities: as informal micro-lending institutions that provide savings and credit opportunities to their own members; and, as micro-enterprises that offer products and services to external customers.
- b) social support groups that employ a communal ethos in enacting social practices, whilst also exchanging intangible resources that differ from those of the marketplace.

c) collective/ business customers of financial institutions.

This paper therefore argues that, rather than assigning (marketing) categories a priori, accounting for distinct conceptualizations permits the development of an all-inclusive understanding of subsistence actors.

Table 1 below summarizes the findings, drawing attention to the similarities and differences between the Ugandan and Kenyan contexts examined.

*Insert Table 1 here*

**5.0 Discussion**

The findings reveal that all four exchange scenarios investigated displayed elements of both social and economic exchanges, in spite of the differences in context, relationships and exchange resources. It therefore becomes problematic to view social relations in these contexts as needing “bracketing out” as posited in the market-framing model (Callon, 1999).

This paper demonstrates that actors remain deeply embedded in their social worlds, rendering it insurmountable to extricate them from their social networks. Miller’s (2002) contrasting view to internalize social relations when framing exchanges is ostensibly more relevant in subsistence contexts, according due attention to rich socio-cultural entanglements of actors. This perspective, however, is equally constraining, as it places much emphasis on socio-cultural relations at the neglect of economic relations (Holm, 2007). To reconcile Callon’s (1999) and Miller’s (2002) views, this study perceives a seamless interaction between the economic and the social in the hybrid exchange scenarios examined.

Foremost, the study illuminates multiple levels at which hybrid exchanges enact in subsistence contexts as portrayed in Figure 1 below, which is developed from the findings. The first, intra-community level, depicts hybrid exchanges between community members, often characterized by a communal ethos and norms of trust, mutual obligation, solidarity and generalized reciprocity.



*Insert Figure 1 here*

Intra-community exchanges appear to foreground the social at the outset, with the economic then being internalized to create a hybrid exchange system. Similarly, the economic exchanges observed do not strictly follow the logics of the market, as they are at times governed by social logics. Hence, Miller's (2002) assertion that market frames internalize social relations appears to reversely enact in the NPO and Chama settings where the communities instead internalize economic relations into their social exchange frames, albeit following a more complex process than Scaraboto (2015) suggests. In particular, relational embeddedness unfolds in both communities (Laud et al 2015), displayed in the intersubjective and social bonds prevalent, which foster trust and mutual obligations between exchange partners.

The second level of exchange, local marketplace, is observed when outside-in firms (Viswanathan et al, 2014) embed the subsistence communities. These external actors reconstitute the communities into market actors (as suppliers of coffee, and as micro-enterprises/ business customers of financial institutions), reconfiguring practices, resources and norms of exchange in the process. While this level of exchange might ordinarily be framed as 'economic' (Callon, 1999), hybridity still prevails as the firms' sustainability/ social goals intertwine with those of the communities, thereby leveraging the existing trust, reciprocity and mutual obligation shared by community members to reorganize company marketing practices (Maclean 2010; Reficco and Márquez 2012). Relational embeddedness between actors, albeit to a lesser degree than observed at the intra-community level, is also displayed.

The final level, extensive hybrid exchanges, emerges when the non-immediate stakeholders/ networks of MFI's are included, for example, local and international firms providing supplementary services (e.g. training) to Chamas seeking credit. Possible extensive partnerships could also be established between farming communities, standards organizations (e.g. British Standards Association) and ethical consumer groups. The partnerships reported here are akin to the 'inclusive networks' reported by Reficco and Márquez (2012), which bring together different stakeholders that provide economic and social value to subsistence actors. This level of exchange best exhibits the



structural form of embeddedness, illuminating the actors’ network structure and accounting for their potential to access extensive resources through this network (Laud et al 2015: 521). These possibilities are discussed further in the next section.

**6.0 Marketing Implications and Conclusions**

As a novelty, this paper brings together diverse exchange literatures to highlight the contribution of subsistence exchange practices to international marketing theory and practice. It raises the question of the relevance of international marketing as broadly understood, and accounts for the marketing practices performed in variegated subsistence settings such as those examined in this study. This section discusses the study’s implications at two fronts: the importance of embeddedness to international marketing, and the importance of forging partnerships in addressing the needs of subsistence actors. Both the contributions to theory and practice are considered.

**6.1 The Importance of Embeddedness to International Marketing**

This study depicts subsistence exchanges as hybrid, characterized by high levels of embeddedness. The notion of embeddedness, with its focus on institutional linkages, is not new to international marketing (Elg et al 2008; Gao et al 2016). Departing from the institutional view, this paper unveils a micro-level, bottom-up, perspective of embeddedness, which unfolds at multiple levels in subsistence contexts. Intra-community exchanges, often invisible to international marketers, depict high levels of relational embeddedness that influence the local marketplace and extensive levels of exchange. This study for example evidences that financial institutions portray relational embeddedness when they adopt similar norms of exchange as Chamas (e.g. the provision of co-guaranteed loans). Hence MFIs practice ‘embedded marketing’ (Viswanathan et al, 2014) by aligning their practices with those of subsistence communities. The same can be said of sustainable programmes (e.g. Fairtrade and SCI’s), in which the development of thriving farming communities is forefront in the agenda to promote social justice.

This paper therefore argues that the obscured micro-practices of subsistence actors are being legitimized in the mainstream marketplace (Laud et al 2015), and are becoming the norm for

(international) firms. Embedded marketing would thus form a suitable alternative for international marketers wishing to enter and maintain presence in subsistence markets.

## 6.2 Forging Partnerships for Competitive Advantage

Scholars have suggested that in order to succeed in subsistence markets, international firms need to forge local partnerships and networks (Reficco and Márquez 2012; London and Hart, 2004; Prahalad, 2005; Sheth 2011). This paper provides insights into how subsistence actors, as business customers of MFIs, can gain access to a wider value network that meets their multiple needs (Viswanathan and Venugopal 2015). In particular, these business customers benefit from bundled value propositions delivered by MFI partnerships with local and international firms. More broadly, these partnerships fill the voids stemming from institutional failures that disadvantage the poor. Hence, the challenge for international marketers is to develop the competences needed to forge networks with actors possessing relevant knowledge, skills, and experience (Simanis and Hart, 2009; Sheth 2011); and to nurture these relationships as a source of competitive advantage (Reficco and Márquez 2012).

The same would be true for the partnerships developed by sustainability organizations working with farming communities, whose goals are to improve the quality of life of farmers through trade, and to facilitate communal and developmental practices (Bacon, 2005, 2013). The authors find that, in spite of the efforts to develop closer links between farming communities, buyers, and standards organizations (Lewin, Giovannucci, and Varangis 2004; Bacon, 2010), not much is understood about the intra-community exchange practices unfolding, and how the exchange practices affect farmer-firm relations. Thus, whilst bringing to light the everyday workings of smallholder farmers and their farmer groups, this study informs sustainability partners of where to direct institutional support by, for instance, offering advice to farming communities on investment opportunities, which could potentially boost their meagre incomes.

In conclusion, this paper calls for a broader understanding of international marketing which accounts for the embedded marketing practices entailed in serving subsistence markets. While current international marketing theory and practice debates (e.g. product success/failure, standardization

versus localization and country of origin effects (Sheth 2011: 167)) are important, there is need to also acknowledge the importance of critical viewpoints that call for marketing to be more cognizant of its role in the broader society (Tadajewski, and Brownlie 2008; Smith, Drumwright and Gentile 2010; Sheth 2011). This means considering novel insights that inform marketing practitioners of the broader role of addressing the challenges of marketing in non-traditional, marginalized, contexts. The authors recommend that further research be done to delve deeper into the formation of partnerships at the three levels of embeddedness proposed in this study.

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Table 1: Comparison between exchange scenarios

	HYBRID EXCHANGE SCENARIOS			
	Exchanges within the NPO coffee farming community 1	Exchanges between SCI and NPO 2	Exchanges within the Chama community of women 3	Exchanges between the Chama and financial institutions 4
Exchange practice	Coffee trading; Communal savings	Coffee trading	The “merry-go-round” practice	Micro-lending and savings
Exchange parties	NPO and individual farmers	SCI & farmers (individuals & groups)	Chama group & individual Chama participants	Chama group, MFIs and banks
Nature of Relationship	A hybrid relationship between the NPO and farmer members.	A hybrid, sustainability relationship between business buyer & coffee suppliers	A hybrid relationship between the Chama group and Chama participants	A hybrid relationship between the Chama group and banks/ MFIs
Goal of Relationship	<i>Social</i> ; to collectively address the income & social needs of members <i>Economic</i> ; to collectively sell coffee to SCI	To enact a social & economic sustainability relationship between suppliers and a coffee buyer.	<i>Social</i> : to provide social support to members. <i>Economic</i> : to mobilize savings and provide micro-loans to members; to facilitate the barter exchange of material objects (as forms of loans/ savings) between members	To enact a social & economic financial relationship between Chamas and MFIs/ banks.
Exchange Resource	<i>Economic</i> : coffee, loans <i>Social</i> : acts of help, moral support	<i>Economic</i> : coffee <i>Social</i> : opportunities for farmers to earn higher incomes & to save.	<i>Social</i> : social capital; moral support; benevolence <i>Economic</i> : savings; loans; food items (as savings/ loans)	<i>Economic</i> : savings, micro-loans <i>Social</i> : opportunities for members to earn a living; social capital (as collateral)
Principles governing exchange	<i>Economic</i> : PO membership, quality standards, sanctions, price <i>Social</i> : reciprocity, kinship & community ethos	<i>Economic</i> : Quality standards, supplier qualifications (must belong to a PO), price, sanctions <i>Social</i> : price (cushion) (farmer) group ties	<i>Social</i> : Communal ethos, trust, generalized reciprocity, sharing social sanctions <i>Economic</i> : balanced reciprocity, Instrumental rationality, quid-pro-quo mentality, quantification	<i>Economic</i> : Instrumental rationality, Quantification, price <i>Social</i> : Mutual obligation

Figure 1: Multi-Level Hybrid Exchanges

